

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-08 NSC-05
TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-03 H-01
PA-01 PRS-01 CIAE-00 COME-00 FRB-03 INR-07
NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01 /088 W
-----112387 301429Z /53

R 292003Z AUG 77
FM AMEMBASSY MONTEVIDEO
TO SECSTATE WASHDC 4615
INFO AMEMBASSY ASUNCION
AMEMBASSY BRASILIA
AMEMBASSY BUENOS AIRES
AMEMBASSY SANTIAGO

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E.O. 11652: N/A
TAGS: OVIP, ECIN, UY
SUBJ: TODMAN VISIT: LATIN AMERICAN FREE TRADE ASSOCIATION MEETING

REF: (A) MONTEVIDEO A-52, (B) MONTEVIDEO 3144 (NOTAL)

1. SUMMARY. ASSISTANT SECRETARY TODMAN WAS GREETED CORDIALLY BY PRESIDENT AND MEMBERS OF PERMANENT EXECUTIVE COMMITTEE (PEC) IN MEETING WHICH BEGAN WITH QUESTIONS SEEKING CLARIFICATION OF U.S. POSITION TOWARD CONTINUING REGIONAL INTEGRATION PROCESS. RESPONSES WERE ACCEPTED IN GOOD SPIRIT, AND PEC PRESIDENT ENDED MEETING BY PROVIDING BROAD-BRUSH DESCRIPTION OF CURRENT LAFTA SITUATION -- THAT OF AN ORGANIZATION SEARCHING FOR NEW FORMS FOR REGIONAL TRADE INTEGRATION. END SUMMARY.

2. TODMAN CALLED ON LAFTA THE MORNING OF AUGUST 19 AND WAS CORDINALLY GREETED BY THE CURRENT PRESIDENT OF THE PEC, AMBASSADOR CARLOS GARCIA MARTINEZ (ARGENTINA) AND ACTING
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EXECUTIVE SECRETARY OF PAFTA, DANIEL MESA BERNAL. TODMAN OPENED THE DISCUSSION WITH A BRIEF STATEMENT CITING U.S. INTEREST IN THE LAFTA EXPERIMENT, RECOGNIZING ITS CONTRIBUTION TO RATIONAL DEVELOPMENT OF TRADE PATTERS, AND YET RECOGNIZING THE DIFFICULTIES OF ACHIEVING FULL REGIONAL ECONOMIC INTEGRATION. PRESIDENT GARCIA RESPONDED BY POINTING TO THE CLASSIC REASON FOR DISAPPOINTMENT IN LAFTA'S REAL

ACHIEVEMENTS, I.E. THAT IT WAS A EUROPEAN MODEL INADEQUATELY ADAPTED TO LATIN AMERICAN REALITIES.

3. THE PRESIDENT ASKED FOR QUESTIONS FROM THE ASSEMBLED REPRESENTATIVES OF THE ELEVEN MEMBER STATES AND SEVERAL OBSERVERS. THE FIRST, FROM THE OBSERVER REPRESENTING HONDURAS, ASKED OF THE U.S. WAS WILLING TO FOSTER REGIONAL DEVELOPMENT THROUGH REGIONAL TRADE PREFERENCES. TODMAN RESPONDED BY POINTING TO THE U.S. OBJECTIVE OF AN INCREASING LIBERALIZATION OF GLOBAL TRADE, WHICH IS ONLY MADE MORE DIFFICULT BY THE LOME KIND OF ARRANGEMENT. THE U.S. AND LATIN AMERICA, IN HIS VIEW, SHOULD BOTH BE SEEKING A GLOBAL OPENING OF MARKETS. THE SECOND QUESTION CAME FROM URUGUAY, WHICH ASKED BROADLY WHAT THE U.S. IS CURRENTLY WILLING TO DO TO ASSIST THE REGIONAL INTEGRATION PROCESS GENERALLY. DRAWING UPON THE STRONG U.S. POSITION TAKEN IN THE OAS, TODMAN STATED THAT THE U.S. COULD NOT BY ITSELF FORMULATE PROPOSALS FOR FORMS OF REGIONAL COOPERATION, PREFERRING THAT THE LATIN AMERICAN NATIONS ESTABLISH AGREED POSITIONS WHICH COULD THEN BE THE BASIS FOR REACHING AGREEMENT ON FORMS OF COOPERATION WITH THE U.S. WE ALSO SEEK THE OPPORTUNITY FOR FULL CONSULTATION VIA MEETINGS WHICH ARE NOT SESSIONS OF COMPETITIVE ANTAGONISM, BUT INSTRUMENTS FOR BUILDING A CONSTRUCTIVE RELATIONSHIP. THE REPRESENTATIVE OF BRAZIL CLOSED THE PERIOD OF OPEN DISCUSSION WITH A SOMEWHAT CONFUSED REFERENCE TO ALLEGED U.S. PRESSURE LIMITED OFFICIAL USE

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TOWARDS FIXING 1980 AS A TARGET DATE FOR COMPLETION OF THE LAFTA INTEGRATION EFFORT. HE WAS APPARENTLY ASKING WHETHER THE ALLEGED PRESSURE HAD NOT MISGUIDED. TURNING AROUND THE BRAZILIAN AMBASSADOR'S FIGURATIVE DESCRIPTION OF THE U.S. "BULLDOZER" INVOLVED, TODMAN COMMENTED THAT SMALLER "BULLDOZERS" (READ BRAZIL AND OTHERS) NEED NOT BE, AND CURRENTLY ARE NOT, COWED BY UNITED STATES' POSITIONS ON REGIONAL ISSUES.

4. PRESIDENT GARCIA MARTINEZ THEN OFFERED A SHORT REVIEW OF LAFTA HISTORY AND ITS CURRENT ROLE. THE ELEMENTS WERE THE EXPECTED ONES -- INITIAL SUCCESSES, FOLLOWED BY MORE VISIBLE DIFFERENCES IN POLITICAL AND ECONOMIC OBJECTIVES (MAKING CONCESSIONS MORE DIFFICULT), THEN FORMATION OF THE ANDEAN GROUP AND FINALLY THE CURRENT SITUATION IN WHICH LAFTA LACKS A MAJOR ROLE. THE PRESIDENT CHARACTERIZED THE ORGANIZATION AS IN A PERIOD OF TRANSITION IN WHICH A NEW FORMULA FOR COOPERATION WAS BEING SOUGHT, BUT WITHOUT EVIDENCING DOUBTS REGARDING A FUTURE ROLE FOR THE ORGANIZATION. IN THE SHORT PERIOD OF EXCHANGE WITH TODMAN WHICH FOLLOWED, THE PEC PRESIDENT NOTED THAT THE LACK OF GEOGRAPHIC AND ECONOMIC HOMOGENEITY AMONG LAFTA MEMBERS

ARGUED STRONGLY FOR THE GATT TO BE UNDERSTANDING OF VARIOUS STEPS TOWARDS INTEGRATION IN THE REGION WHICH ARE IN PRECESS TODAY. HE ALSO JUDGED THAT THE INTEGRATION EFFORT, ACTUALLY AND POTENTIALLY, SHOULD INCREASE TOTAL DEMAND WITHIN THE REGION IN A MANNER OPENING ENLARGED TRADE OPPORTUNITIES FOR THE UNITED STATES. HE SAW AMPLE ROOM FOR THE STILL MORE SOPHISTICATED U.S. PRODUCTS, EVEN WHILE THE GENERAL LEVEL OF INDUSTRIALIZATION ROSE WITHIN THE REGION.

5. COMMENTS: THE EMBASSY HAS HEARD FROM THREE IMPORTANT SECRETARIAT OFFICIALS THAT THE IMPRESSION CREATED BY THE ASSISTANT SECRETARY WAS A VERY GOOD ONE, EXPRESSED EVEN AS "THE BEST AMONG RECENT OFFICIAL VISITORS." TO A CONSIDERABLE EXTENT, THE SIZE OF THE CROWD DRAWN INTO THE SMALL COMMITTEE LIMITED OFFICIAL USE

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CHAMBER SEEMED TO HAVE BEEN MORE A REFLECTION OF THEIR INDIVIDUAL INTEREST IN THE VISITOR THAN A CHANGE IN WHAT HAD BEEN AGREED UPON AS AN INFORMAL, OPEN DIALOGUE WITH THE COMMITTEE AND EXECUTIVE SECRETARY.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE, VISITS, MEETINGS
Control Number: n/a
Copy: SINGLE
Sent Date: 29-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MONTEV04151
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770313-0419
Format: TEL
From: MONTEVIDEO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770813/aaaaakgz.tel
Line Count: 141
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 09fb5751-c288-dd11-92da-001cc4696bcc
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 MONTEVIDEO A-52, 77 MONTEVIDEO 3144
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 18-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1450721
Secure: OPEN
Status: NATIVE
Subject: TODMAN VISIT: LATIN AMERICAN FREE TRADE ASSOCIATION MEETING
TAGS: OVIP, ECIN, UY
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/09fb5751-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009